

Message Text

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O 052229Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

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E.O. 11652:N/A

TAGS: EFIN, IMF, IBRD

SUBJECT:SIMON LETTER RE MINISTERIAL COMMITTEE

REF: STATE 155405

FOR USADB

1. U.S. DIRECTOR ADB REQUESTED DELIVER AS SOON AS POSSIBLE
(UNDER DATE SEPTEMBER 3) FOLLOWING LETTER FROM SECRETARY OF
TREASURY SIMON TO ADB PRESIDENT INOUE:

2. QUOTE. SEPTEMBER 3, 1974. DEAR PRESIDENT INOUE: I VERY
MUCH APPRECIATE YOUR PROMPT AND THOUGHTFUL LETTER OF JULY
23 COMMENTING ON MY LETTER OF JULY 17 TO THE HEADS OF C-20
CONSTITUENCIES ON THE CREATION OF A MINISTERIAL COMMITTEE ON
THE BROAD PROBLEMS OF DEVELOPMENT.

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3. QUOTE. IN ORDER TO BRING YOU UP TO DATE ON DEVELOPMENTS
SINCE MID-JULY, I AM ENCLOSING FOR YOUR INFORMATION A COPY
OF A SECOND LETTER WHICH I HAVE JUST SENT TO THE HEADS OF

THE C-20 CONSTITUENCIES. SIMILAR INFORMATION COPIES ARE BEING SENT TO THE HEADS OF OTHER INTERNATIONAL ORGANIZATIONS.

4. QUOTE. REGARDING THE PARTICULAR POINTS MADE IN YOUR LETTER, YOU WILL NOTE IN THE ATTACHMENT THAT I AM URGING THAT THE PROPOSED MINISTERIAL COMMITTEE GIVE IMMEDIATE ATTENTION TO THE QUESTION OF ATTENDANCE AT ITS MEETINGS OF THE HEADS OF INTERNATIONAL ORGANIZATIONS. I SEE NO DIFFICULTY WITH YOUR SUGGESTION THAT THE INTERNATIONAL FINANCIAL INSTITUTIONS BE ENABLED TO SUBMIT THEIR VIEWS TO THE COMMITTEE. FINALLY, I BELIEVE IT ENTIRELY LIKELY THAT THE EXECUTIVE SECRETARY OF THE COMMITTEE WOULD WELCOME AN ASIAN DEVELOPMENT BANK STAFF MEMBER ON SECONDMENT AS A MEMBER OF THE COMMITTEE'S STAFF.

5. QUOTE. I AM LOOKING FORWARD TO SEEING YOU HERE IN WASHINGTON AT THE TIME OF THE IMF/IBRD ANNUAL MEETINGS.

6. QUOTE. WITH BEST REGARDS, SINCERELY YOURS, WILLIAM E. SIMON. ATTACHMENT. END QUOTE.

7. QUOTE. SEPTEMBER 3, 1974. MY LETTER TO YOU OF JULY 17, 1974, IN YOUR CAPACITY AS HEAD OF ONE OF THE C-20 CONSTITUENCIES, WAS INTENDED TO HELP MOVE US TOWARD A CONSENSUS ON THE NATURE AND FORMAT OF A MINISTERIAL COMMITTEE WHERE GOVERNMENTS CAN DEAL WITH THE BROAD PROBLEMS OF DEVELOPMENT. RESPONSES TO THIS LETTER AND DISCUSSIONS HELD RECENTLY IN WASHINGTON, I AM HAPPY TO SAY, INDICATE THAT THERE IS GENERAL AGREEMENT ON MANY ASPECTS OF ESTABLISHMENT OF THE COMMITTEE. A PARTICULARLY FRUITFUL INFORMAL MEETING WAS HELD IN WASHINGTON ON AUGUST 13. REPRESENTATIVES OF ALL THE CONSTITUENCIES TOOK PART IN A WIDE-RANGE DISCUSSION ON THIS SUBJECT.

8. QUOTE. THE AREAS OF GENERAL AGREEMENT AT THE WASHINGTON DISCUSSION INCLUDED THE URGENCY OF ORGANIZING THE COMMITTEE AND BEGINNING ITS WORK; THE IMPORTANCE OF ITS BEING INDEPENDENT IN ITS OPERATIONS AND OF ITS HAVING A MANDATE LIMITED OFFICIAL USE

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OF BROAD SCOPE THAT VIEWS THE PROBLEMS OF DEVELOPMENT IN THE WIDEST TERMS; AND THE DESIRABILITY OF THE COMMITTEE SERVING AS A COORDINATING MECHANISM AND FORUM FOR ARRIVING AT A CONSENSUS OF GOVERNMENTAL VIEWS, ORIENTED TOWARD ACTIONS CONSISTENT WITH THAT CONSENSUS IN VARIOUS ARENAS.

9. QUOTE. I AM ADVISED THAT THE CLEAR WEIGHT OF OPINION IN THE WASHINGTON CONVERSATIONS WAS THAT IN PRACTICE THE COMMITTEE SHOULD BE OPERATIONALLY INDEPENDENT OF THE IMF AND IBRD, BUT THAT THIS INDEPENDENCE COULD BE ACHIEVED WITH

A COMMITTEE ASSOCIATED WITH THE IMF/IBRD. MOREOVER, IT WAS FELT THAT THE SIMPLEST WAY TO MOVE FORWARD QUICKLY WAS ON THE BASIS OF SUCH ASSOCIATION. GIVEN THAT CONSENSUS, AS WELL AS THE OTHER BROAD AREAS OF AGREEMENT THAT HAVE BEEN REACHED REGARDING RATIONALE, STRUCTURE AND WORK PROGRAM, IT APPEARS TO ME THAT WE SHOULD NOW MOVE FORWARD WITH PARALLEL RESOLUTIONS IN THE IMF AND IBRD WHICH WOULD CREATE THE COMMITTEE AT THE FORTHCOMING ANNUAL MEETINGS.

10. QUOTE. IN THIS CONNECTION, THERE APPEARS TO BE UNANIMITY THAT INDEPENDENCE OF OPERATION OF THE COMMITTEE WILL REQUIRE A DISTINGUISHED AND WELL-QUALIFIED EXECUTIVE SECRETARY WITH FULL FREEDOM OF ACTION TO CARRY FORWARD THE WORK OF THE COMMITTEE AND WITH A SMALL (5-15 MAN) BUT EFFECTIVE PROFESSIONAL STAFF RESPONSIBLE EXCLUSIVELY TO HIM AND TO THE COMMITTEE. YOUR THOUGHTS ON WHO MIGHT SERVE IN THIS IMPORTANT CAPACITY WOULD BE WELCOME.

11. QUOTE. THERE HAS ALSO BEEN A USEFUL CLARIFICATION OF THE NATURE OF THE ROLE FORESEEN FOR THE COMMITTEE. THERE NEED BE NO CONCERN THAT THE COMMITTEE WOULD ASSURE A MANDATORY, DECISION-MAKING ROLE THAT WOULD BIND INDIVIDUAL GOVERNMENTS TO ACTIONS, OR THAT IT WOULD FUNCTION AS A COURT OF APPEAL FOR PARTICULAR DECISIONS WITHIN EXISTING INTERNATIONAL BODIES. IT SHOULD, RATHER, BE A FORUM FOR ARRIVING AT A CONSENSUS ON DESIRABLE BROAD COURSES OF ACTION WHICH CONSENSUS WOULD THEN FORM THE BASIS FOR POSITIONS TAKEN BY GOVERNMENTS IN THEIR BILATERAL ACTIVITIES AND IN VARIOUS INTERNATIONAL AGENCIES IN WHICH THEY PARTICIPATE.

12. QUOTE. IN ORDER TO PERMIT OURSELVES AN OPPORTUNITY TO LIMITED OFFICIAL USE

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CONSIDER IN THE LIGHT OF EXPERIENCE HOW WELL THIS CONCEPT IS FUNCTIONING, IT HAS BEEN SUGGESTED AND SEEMS REASONABLE TO HAVE THE RESOLUTIONS ESTABLISHING THE COMMITTEE PROVIDE FOR A REVIEW OF ITS WORK AFTER, SAY, TWO YEARS, AT WHICH TIME A DECISION COULD BE MADE ON THE COMMITTEE'S COURSE.

13. QUOTE. AS TO THE WORK PROGRAM FACING THE COMMITTEE AS SOON AS IT IS ESTABLISHED, I UNDERSTAND THAT ALL CONSTITUENCIES AGREE THAT THE IMMEDIATE QUESTION OF THE ECONOMIC SITUATION OF THE "MOST SERIOUSLY AFFECTED" DEVELOPING COUNTRIES IS A PRIORITY ISSUE. THERE ALSO SEEMS TO BE AGREEMENT, AS A PRACTICAL MATTER, TO FOCUS INITIALLY ON ONE PARTICULAR LONGER-TERM ISSUE. THE ACCESS OF DEVELOPING COUNTRIES TO INTERNATIONAL CAPITAL MARKETS, AND THE LINK BETWEEN THESE MARKETS AND LDC DEVELOPMENT NEEDS, APPEARS TO BE THE MOST SUITABLE ISSUE FOR IMMEDIATE ATTENTION, IN PART BECAUSE OF ITS RELEVANCE TO THE MSA PROBLEM ITSELF.

14. QUOTE. THE QUESTION OF THE ATTENDANCE OF HEADS OF VARIOUS INTERNATIONAL ORGANIZATIONS (BEYOND THE HEADS OF THE IMF AND IBRD THEMSELVES) AT COMMITTEE MEETINGS SEEMS CLEARLY TO BE ONE REQUIRING POLITICAL JUDGMENTS BETTER ARRIVED AT BY MINISTERS AT THEIR FIRST MEETING THAN BY EXECUTIVE DIRECTORS. IN THIS CONNECTION, I HAD A COPY OF MY JULY 17 LETTER MADE AVAILABLE TO THE HEADS OF SEVERAL MAJOR ORGANIZATIONS, AND I AM DOING LIKEWISE WITH THIS LETTER IN ORDER TO KEEP THEM INFORMED REGARDING THE COMMITTEE.

15. QUOTE. I UNDERSTAND THAT TIME HAS BEEN SET ASIDE FOR AN INITIAL MEETING OF THE MINISTERIAL COMMITTEE ON OCTOBER 2. IN ORDER TO HELP ENSURE THAT THE MINISTERIAL MEETING WILL BE A PRODUCTIVE ONE, IT WOULD BE USEFUL TO HAVE A PRELIMINARY MEETING AT DEPUTIES LEVEL. SINCE THE COMMITTEE DOES NOT YET EXIST AND THEREFORE HAS NO DEPUTIES GROUP, I HAVE ASKED MY DEPUTY TO ARRANGE AN INFORMAL BREAKFAST MEETING OF REPRESENTATIVES OF THE VARIOUS CONSTITUENCIES ON SUNDAY, SEPTEMBER 29.

16. QUOTE. I AM LOOKING FORWARD TO WORKING WITH YOU ON THE PROSPECTIVE NEW COMMITTEE, WHERE I AM CERTAIN THE FINANCIAL PERSPECTIVE AND HABITS OF COOPERATION THAT TYPIFIED LIMITED OFFICIAL USE

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OUR C-20 CONTACTS WILL STAND US IN GOOD STEAD. SINCERELY YOURS, WILLIAM E. SIMON. END QUOTE.

17. NOTE SALUTATION OF ATTACHMENT LETTER TO REMAIN BLANK WHEN DE

Message Attributes

Automatic Decaptioning: X
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Disposition Authority: shawdg
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